The transformation of an agricultural labor force into an industrial labor force was (and is) one of the most difficult problems to be solved during the early stages of industrialization. In both Britain and America, the employment of children was resorted to as a way to solve, in part, the problem of labor recruitment. Cathy McHugh’s paper analyzes the particular way children were hired in the post bellum southern cotton textile industry. Rather than recruiting children and young persons individually, textile factories hired whole families, an arrangement that apparently appealed to both workers and factory owners.

McHugh identifies the agricultural origin of the factory labor force as the reason for the adoption of the family labor system. Family labor was common on post bellum southern farms. Keeping families intact while transferring their labor from farms to factories reduced the costs of recruiting and training a factory labor force. Furthermore, the family labor system may have been an efficient method of producing work discipline. These benefits of the system were fortunate in that farms were the only large source of labor available to cotton textile factories.

Although she mentions the effect of low incomes, McHugh does not place enough emphasis on that factor. Income probably had very little to do with the family labor system itself, but it was an important determinant of the supply of child labor. Child labor was largely the result of poverty. Poor families could not afford to let children engage in leisure or education full time. Poverty, then, was the basic reason that child labor was supplied. The agricultural origin of the southern textile labor force determined the form in which it was supplied but was not in itself the cause of child labor.
McHugh emphasizes the importance of the heterogeneous labor needs of cotton textile factories to the adoption of the family labor system. The concentration of economic historians on the manufacture of cotton cloth has at times obscured the fact that the use of child labor was not common in other factories. Indeed, cotton textile production was one of the few activities to which an agricultural work force could have been transferred without breaking up the family labor system. I think that McHugh is wrong to assert that the "family labor system was, above all, a response to the heterogeneous labor needs of cotton textile production." Heterogeneous labor needs and poverty created a heterogeneous labor force. That it was composed of families was a result of its agricultural origins. In Britain, workers of all ages worked together in factories, but they were, in most instances, not members of the same family. Children were employed even without a family labor system.

Technological explanations for the decline of child labor are missing from much of the literature on the subject. One of the strengths of McHugh's paper is her discussion of the role played by technology. Children were of most importance in the spinning department of cotton textile factories. It follows that the growing relative importance of weaving contributed to the declining relative importance of child labor. The increasing quality of yarn also contributed to the declining importance of children because they were of less use in spinning high-quality yarn. These are convincing arguments, and I do not think they appear in most previous work on child labor.

McHugh's explanation for the decline of child labor is, however, incomplete in that it fails to include income effects. As incomes rose over time, parents became less and less willing to send their children to work. A full explanation of the decline of child labor must include the effect of rising income.

According to McHugh, factory owners may have resisted movements to regulate child labor because of fear that regulation would put them at a competitive disadvantage with respect to New England cotton textile factories. I find that hypothesis plausible. I was, however, surprised at McHugh's apparent acceptance of the view that the South's labor-cost differential was needed to offset the locational advantages of the North. I think it is well established that transportation costs were a trivial fraction of the value of cloth. Moreover, because raw cotton was grown in the South and cloth was ultimately sold in New York, transportation costs would have been roughly the same for New England and southern manufacturers. If McHugh agrees that there were locational advantages in New England, she should explain what they were.
In the long run, the movement of cotton textile production from the North to the South was the result of changing comparative advantage. The comparative advantage in the production of cloth was shifting away from the early industrial leader. Just as Britain began to give way to Japan in world markets, the North began to give way to the South in American markets. The late start of the industrial revolution in the South gave it its comparative advantage. McHugh's paper contributes to our understanding of how the South achieved its relative efficiency. The family labor system provided a means for the factory to meet its heterogeneous labor needs and for agricultural families to increase their incomes. The efficient use of child labor effected by this system must certainly have hastened the industrial growth of the South.